



The Afghanistan- U.S. Democratic Peace and Prosperity Council

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WHITE PAPER on RFI W52P1J-20-R-FUEL



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THE AFGHANISTAN-U.S. DEMOCRATIC PEACE AND PROSPERITY COUNCIL

About the DPPC

The Afghanistan-U.S. Democratic Peace and Prosperity Council (DPPC) is a Washington, D.C. based 501c(4) corporation (application pending) dedicated to the furtherance of the long standing friendship and alliance, forged in a strong mutual commitment to shared ideals, between Afghans and Americans. We are members of the majority population under 35-years old whose hope for the future has been shaped by America's sacrifices for our country. We focus on promoting policies and initiatives that better the lives of the Afghan people and hold the Afghan government accountable to provide basic services, protect human rights, adhere to democratic principles, and put an end to corruption. Our interest in the Bulk Ground Fuel contract is to promote anti-corruption efforts and peace in Afghanistan by ensuring that the Afghan National Defense and Security Forces (ANDSF) maintains its operational capabilities and readiness through an adequate supply of fuel. Having a strong, capable and ready ANDSF means a sustainable peace in the country and prosperity for the people of Afghanistan who have suffered without for so long.

Executive Summary

The Afghanistan-U.S. Democratic Peace and Prosperity Council (DPPC) submits this white paper in response to the notification issued by the U.S. Army Contracting Command and in support of their efforts to ensure that the ANDSF's Bulk Ground Fuel requirements are met as well as to raise awareness surrounding the strong potential for corruption and illegality during this contracting process, despite best efforts to prevent these nefarious actions. The ANDSF's Bulk Ground Fuel and Aviation contracts have been fraught with corruption, illegal activities and numerous examples of awards being made to companies that lack the requisite expertise, past performance, fuel trucks, storage facilities, testing supplies, access to legitimate fuel exchanges such as the Turkmenbashi and financial resources to adequately perform on the contracts. In the past self-certification and boasting of capabilities have resulted in failure of actual performance by many resulting in mission failure or forced the Government to take emergency corrective actions.

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Corruption is endemic in Afghanistan public sector contracting. It is an existential threat to the government's ability to function and the legitimate business community's ability to exist. The latest Special Inspector General for Afghanistan Reconstruction (SIGAR) report published in October 2019 captures the magnitude of the problem "***Corruption, government malfeasance.... continue to be the greatest threats to the sustainability of what Afghans, the United States and our partners have sacrificed to achieve in Afghanistan***". The DPPC strongly recommends that the U.S. Army Contracting Command limits its engagement on the Bulk Ground Fuel contract to companies that are rigorously vetted, have a demonstrated ability to and history of consistently and reliably performing the scope of work and are committed to a contracting process free from corruption and illegality.

Contract Performance Challenges

The ANDSF Bulk Ground Fuel contract poses significant challenges for nearly any company attempting to meet the requirements. To be clear, the contract is mission critical for the ANDSF and the demanding requirements are necessary to maintain operational readiness and capabilities. Performance with the requisite



logistical proficiency and just in time deliveries are highly constrained within Afghanistan due to a number of country specific challenges. Afghanistan suffers from an underdeveloped road network and in areas with adequate roads, severe traffic due to delays from overcrowding, customs and security checkpoints. Security threats from armed insurgents

and criminal gangs are pervasive on the country's road network and are compounded for high value cargo, specifically fuel and more specifically fuel for the ANDSF. Afghanistan has very few legitimate companies with a broad asset base, inclusive of fuel trucks, storage facilities and testing supplies to handle some, let alone all of the ANDSF's fuel needs. Even fewer firms have unencumbered, legitimate access to and seats on non-prohibited fuel exchanges such as the

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Turkmenbashi. Part and parcel of performance is adequate financial resources to meet the contract terms, again, limited to few vendors. Collectively, the contract performance requirements for the ANDSF Bulk Ground Fuel contract and difficulties related to transportation, security, logistics, equipment and resources present an enormous challenge, even for qualified companies to overcome, demonstrable and proven performance is essential to fulfill the U.S. Mission of supporting the ANDSF.

A History of Underperformance, Illegality and Corruption

Despite the numerous challenges associated with performance on the ANDSF fuel supply contracts and the lack of qualified companies in Afghanistan and the region, many companies have and continue to falsely purport their ability to perform on the contracts. According to a 2018 report from SIGAR, fuel contracts are fraught with underperformance, illegality and corruption and have led to 70 investigations related to fuel theft resulting in almost \$32 million USD in fines, restitutions, and forfeitures, and \$28.5 million USD in recoveries and savings. The investigations have also led to 40 convictions that included sentences totaling more than 115 years in prison and 53 years of probation and resulted in authorities barring 176 individuals from military installations. Recognizing the scope of the problem and the collective threats posed to ANDSF operational readiness and capability, earlier this month the Parliament of Afghanistan took the unprecedented step of placing restrictions on GIROA's ability to administer ANDSF contracts, including fuel contracts, in the FY20 Afghanistan budget. Though the U.S. Army Contracting Command's capacity to administer fuel contracts far exceeds that of GIROA and the ANDSF, it nonetheless must engage in a rigorous contractor vetting process to weed out those businesses actively engaged in subterfuge to conceal their inability to perform on the contracts and in some cases their intent to engage in illegal activity and corruption.

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A Roadmap for Future On Budget Contracting

Past failures by GIROA to successfully administer the ANDSF fuel contracts, a history of underperformance, illegality and corruption has resulted in diminished operational readiness and capability for the ANDSF, directly contributing to mission failure and loss of life across the nation. Furthermore, these issues have created a perception of hopelessness and caused a loss of morale and commitment to the U.S. mission in Afghanistan by the Afghan people, the international community and even U.S. government officials. But, this ANDSF Bulk Ground Fuel contract presents an opportunity for the U.S. Army Contracting Command to change the environment by contracting with legitimate and qualified Afghan businesses to demonstrate that Afghan businesses can successfully execute in support of this challenging mission of nationwide fuel delivery devoid of nefarious conduct, criminality and corruption. Without question, the ANDSF fuel contracts are high profile, mission-critical procurements that along with the ammunition, explosives, medicine and uniform contracts, comprise a substantial portion of the ANDSF's expenditures. These contracts can reestablish confidence that major contracting efforts in Afghanistan will comply with best practices, accountability and also provide opportunities, over time, to train and mentor ANDSF personnel to one day take over the procurements themselves. The successful execution of these contracts and the fuel contracts in particular can serve as shining examples of the rule of law and transparency in Afghanistan contracting and present future opportunities for capacity building within GIROA, the ANDSF and the Afghan business community.



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Recommendation

The DPPC strongly recommends that the U.S. Army Contracting Command limits its engagement on the Bulk Ground Fuel contract to companies that are rigorously vetted, have a demonstrated ability to consistently and reliably perform the challenging scope of work and are committed to a contracting process free from corruption and illegality.

Please direct any questions to:

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Focus Areas

Policy Priorities



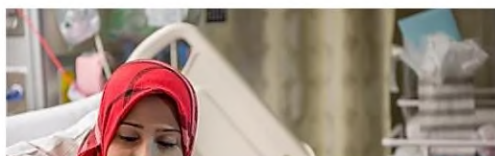
ANTI-CORRUPTION

We support policies that will put an end to corruption in Afghanistan. Corruption is an existential threat to all aspects of Afghanistan's society including Government, Military, Police and Private Sector. Afghanistan must put an end to systemic government corruption in order to achieve progress as a nation, provide economic opportunities for ordinary Afghans, and improve its relationship with the United States and other international allies.



DEMOCRACY

We support policies that promote democracy and democratic institutions in Afghanistan. The Afghan people have suffered greatly under governments that do not respect democratic principles. The voice of the Afghan people must be heard through a strong and democratically elected Parliament and Government, free from corruption.



HUMAN RIGHTS

We support policies that promote Human



women, and children of Afghanistan deserve to live free from fear, oppression and violent extremism and be granted equal protection under the laws.



POST-CONFLICT RESOLUTION & REINTEGRATION

We support policies that promote Post-Conflict Resolution and Reintegration and in Afghanistan. Generations of Afghan people have grown up and lived without experiencing peace and security. After decades of internal conflict the time has come for Afghans to put aside ethnic and political differences and participate in the inclusive democratic system.

ECONOMIC DEVELOPMENT

We support policies that promote Economic Development in Afghanistan. Afghanistan is blessed with a strategic geographic location and abundant natural resources that can underpin development efforts. The industrious people of Afghanistan are eager to capitalize on economic opportunities available in the domestic market and through international trade.

CHILDREN'S ADVOCACY

We support policies that promote Children's

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they deserve much better. The children of Afghanistan deserve a safe environment to grow up in, free from landmines and with ample access to healthcare and education.



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Anti-Corruption Policy

Strategies to Combat Public and Private Sector Corruption

“Corruption, government malfeasance....continue to be the greatest threats to the sustainability of what Afghans, the United States and our partners have sacrificed to achieve in Afghanistan”

Published in the the Oct 2019 SIGAR Report. Source: Acting Assistant Secretary of State Alice G. Wells, Testimony before the House Foreign Affairs Subcommittee for Asia and the Pacific, 9/19/2019

Corruption is one of the biggest threats to Afghanistan's Democracy, Peace and Prosperity. Unfortunately, it is a de-facto modus operandi for too many government officials and agencies.

This widespread graft comes at the expense of key government institutions ability to serve the people of Afghanistan.

Corruption in Afghanistan impacts national and local government, the business community and individuals. It threatens peace, stability, democracy, economic development and the financial commitment of allies, especially the United States.

The DPPC supports the efforts of principled Afghan leaders and the Parliament of Afghanistan to prevent corruption, nepotism, and abuse of the rule of law.

Most recently, the Parliament of Afghanistan has taken steps to curb rampant corruption by the Government of the Islamic Republic of Afghanistan's (GIROA) by restricting its ability to administer the procurement process for the Afghan National Defense and Security Forces (ANDSF) and moving all U.S. funded procurements for ANDSF off budget.

The DPPC commends the bold steps the Parliament of Afghanistan and welcomes their continued leadership in the fight against corruption.

The DPPC strongly encourages the continued use of off budget contracting for all U.S. and allied funded procurements in Afghanistan and parallel efforts designed to:

- Identify, put a halt to and prosecute the illegal actions of corrupt government officials and individuals
- Ensure the ANDSF maintains its operational capabilities and readiness
- Promote job growth, reintegration and the ability of legitimate Afghan businesses to compete for contracts



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Executive Summary

The Afghanistan-U.S. Democratic Peace and Prosperity Council (DPPC) submits this white paper in response to the notification issued by the U.S. Army Contracting Command - Afghanistan and in support of their efforts to ensure that the AAF's Aviation Turbine Fuel requirements are met as well as to raise awareness surrounding the strong potential for improper fuel supply, corruption and even illegality during this contracting process, despite best efforts to prevent these nefarious actions. The ANDSF's Bulk Ground Fuel and AAF's Aviation Turbine Fuel contracts have been fraught with supply of improper Aviation Turbine Fuel, corruption, illegal activities and numerous examples of awards being made to companies that lack the requisite expertise, past performance, fuel trucks, storage facilities, testing supplies, access to legitimate fuel sources such as Europe where the required Jet A-1 is produced and financial resources to adequately perform on the contracts. In the past, self-certification and bolstering of

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capabilities have resulted in failure of actual performance by many, resulting in failed missions or the Government being forced to take emergency corrective actions.

Corruption is endemic in Afghanistan public sector contracting. It is an existential threat to the government's ability to function and the legitimate business community's ability to exist. The latest Special Inspector General for Afghanistan Reconstruction (SIGAR) report published in October 2019 captures the magnitude of the problem ***"Corruption, government malfeasance.... continue to be the greatest threats to the sustainability of what Afghans, the United States and our partners have sacrificed to achieve in Afghanistan"***. The DPPC strongly recommends that the U.S. Army Contracting Command limits its engagement on the Aviation Turbine Fuel contract to companies that are rigorously vetted, have a demonstrated ability to and history of consistently and reliably performing the scope of work and are committed to a contracting process free from corruption and illegality.

Contract Performance Challenges

The Aviation Turbine Fuel contract poses significant challenges for nearly any company attempting to meet the requirements. To be clear, the contract is mission critical for the ANDSF, AAF and the demanding requirements are necessary to maintain operational readiness and capabilities. Performance with



the requisite logistical proficiency and just in time deliveries are highly constrained within Afghanistan due to a number of country specific challenges. Afghanistan suffers from an underdeveloped road network and in areas with adequate roads, severe traffic due to delays from overcrowding, customs and security checkpoints. Security threats from armed

insurgents and criminal gangs are pervasive on the country's road network and are compounded for high value cargo, specifically fuel and more specifically fuel

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for the ANDSF and AAF. Afghanistan has very few legitimate companies with a broad asset base, inclusive of fuel trucks, access to Jet A-1, storage facilities and testing supplies to handle some, let alone all of the AAF's fuel needs. Even fewer firms have unencumbered, legitimate access to and seats with European refineries that produce Jet A-1. Many companies try to provide TS-1 Fuel, a lower quality fuel than the Jet A-1 required for the contract. Part and parcel of performance is adequate financial resources to meet the contract terms, again, limited to few vendors. Collectively, the contract performance requirements for the AAF's Aviation Turbine Fuel contract and difficulties related to access to proper types of Aviation Fuel, transportation, security, logistics, equipment and resources present an enormous challenge, even for qualified companies to overcome. Accordingly, demonstrable and proven performance is essential to fulfill the U.S. Mission of supporting the AAF.

A History of Underperformance, Illegality and Corruption

Despite the numerous challenges associated with performance on the ANDSF and AAF fuel supply contracts and the lack of qualified companies in Afghanistan and the region, many companies have and continue to falsely purport their ability to perform on the contracts. According to a 2018 report from SIGAR, fuel contracts are fraught with underperformance, illegality and corruption and have led to 70 investigations related to fuel theft resulting in almost \$32 million USD in fines, restitutions, and forfeitures, and \$28.5 million USD in recoveries and savings. The investigations have also led to 40 convictions that included sentences totaling more than 115 years in prison and 53 years of probation and resulted in authorities barring 176 individuals from military installations. Recognizing the scope of the problem and the collective threats posed to ANDSF and AAF operational readiness and capability, earlier this month the Parliament of Afghanistan took the unprecedented step of placing restrictions on GIROA's ability to administer ANDSF and AAF contracts, including fuel contracts, in the FY20 Afghanistan budget. Though the U.S. Army Contracting Command – Afghanistan's capacity to administer fuel contracts far exceeds that of GIROA, the ANDSF and AAF, it nonetheless must engage in a rigorous contractor vetting process to weed out those businesses actively engaged in subterfuge to conceal their inability to

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perform on the contracts and in some cases their intent to engage in illegal activity and corruption.

A Roadmap for Future On Budget Contracting

Past failures by GIROA to successfully administer the ANDSF and AAF fuel contracts, a history of underperformance, illegality and corruption has resulted in diminished operational readiness and capability for the ANDSF and AAF, directly contributing to mission failure and loss of life across the nation. Furthermore, these issues have created a perception of hopelessness and caused a loss of morale and commitment to the U.S. mission in Afghanistan by the Afghan people, the international community and even U.S. government officials. But, this AAF Aviation Turbine Fuel contract presents an opportunity for the U.S. Army Contracting Command – Afghanistan to change the environment by contracting with legitimate and qualified Afghan businesses to demonstrate that Afghan businesses can successfully execute in support of this challenging mission of nationwide fuel delivery devoid of nefarious conduct, criminality and corruption. Without question, the ANDSF and AAF fuel contracts are high profile, mission-critical procurements that along with the ammunition, explosives, medicine and uniform contracts, comprise a substantial portion of the ANDSF's and AAF's expenditures. These contracts can reestablish confidence that major contracting efforts in Afghanistan will comply with best practices, accountability and also provide opportunities, over time, to train and mentor ANDSF and AAF personnel to one day take over the procurements themselves. The successful execution of these contracts and the fuel contracts in particular can serve as shining examples of the rule of law and transparency in Afghanistan contracting and present future opportunities for capacity building within GIROA, the ANDSF, AAF and the Afghan business community.



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Recommendation

The DPPC strongly recommends that the U.S. Army Contracting Command - Afghanistan limits its engagement on the Aviation Turbine Fuel contract to companies that are rigorously vetted, have a demonstrated ability to consistently and reliably perform the challenging scope of work, including providing Jet A-1 with required additives and not TS-1, have adequate assets required to fuel aircrafts, transport the sensitive fuel type, possess the storage capacity and are committed to a contracting process free from corruption and illegality.

Please direct any questions to:

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